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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

April 8, 1999

**VIA HAND DELIVERY**

Ms. Magalie R. Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Re: Customer Proprietary Network Information,  
CC Docket No. 96-115

Dear Ms. Salas:

Pursuant to Section 1.1206 of the Commission's rules, Paging Network, Inc. ("PageNet"), by its undersigned counsel, hereby gives notice that on April 7, 1999, David Gamble of PageNet, Judith St. Ledger-Roty of Kelley Drye & Warren and the undersigned met with Robert Atkinson, Jordan Goldstein and Anthony Mastando of the Common Carrier Bureau ("CCB") and Peter Wolfe of the Wireless Telecommunications Bureau ("WTB"), to discuss the above-captioned proceeding. The attached materials summarize the presentation.

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KELLEY DRYE & WARREN LLP

Ms. Magalie R. Salas  
April 8, 1999  
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In accordance with Section 1.1206(b), an original and one copy of this notice is being provided.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven A. Augustino". The signature is stylized with a large, sweeping initial "S" and a long, horizontal flourish at the end.

Steven A. Augustino

SAA:pab

Enclosure

cc: FCC staff members listed above

# PageNet CPNI *Ex Parte*

April 7, 1999

# Overview

- The Commission's new CPNI rules
- Customer expectations in paging
- The burden and cost of complying with the Commission's new CPNI rules
- Serving customer expectations while easing the burden of compliance

## The New CPNI Rules

- Goal of Section 222's CPNI protections:
  - “Balance ... ‘both competitive and consumer privacy interests with respect to CPNI’” SR&O at para. 3
- Let customer expectations set the parameters of carrier use of CPNI
- Led to “total service approach”

# The Total Service Approach

- Three baskets of customer expectations
  - CMRS (includes paging)
  - Landline interexchange service
  - Landline local exchange service
- Recognizes that customers have different expectations of services provided by wireless & wireline carriers
- However, the CPNI rules apply landline concepts for CPE and info services to CMRS, in spite of historical differences between landline and CMRS providers

# Historical Differences between Landline and CMRS Providers

- Landline
  - Regulation used to prevent incumbent landline providers from using CPNI to market CPE and info services
  - Purpose not to protect consumers, but:  
“to protect independent enhanced service providers and CPE providers from discrimination by AT&T, the BOCs, and GTE”  
SR&O at para. 7
  - History of monopoly and market power

# Historical Differences between Landline and CMRS Providers

- CMRS
  - Integrated offerings are the competitive norm
    - “bundling is an efficient promotional device which reduces barriers to new customers... [m]oreover, packaging [wireless] CPE and service is a common and generally accepted practice...” 7 FCC Rcd 4030 (1992)
  - Providers design service offerings in a largely unregulated environment -- marketplace directs product development
  - History of competitive integrated service packages

# Customer Expectations in Paging

- Integrated product the norm
  - CPE (paging device)
  - Messaging
  - Information
- Customers expect new product information
- Customers view the combined package as part of their total service
- PageNet's integrated offering:
  - Numeric
  - Data Cast
  - CNN
  - Voicemail
  - Leased Pagers

# The Burdens of the CPNI Rules on Paging Carriers

- Rules seem to make unlawful longstanding marketing practices, even though no complaints/no privacy danger
  - Destination information never used
  - Content information never used
- Single category providers forced to make same computer modifications as carriers that provide service from multiple baskets (e.g., local and long distance), even though almost all customers purchase bundle of CPE, info service, and CMRS service

# The Cost of Compliance

- Notification and solicitation
  - Solicitation of customer for waivers \$4.1 million
  - Ongoing new customer solicitation \$0.6 million
  - Bill stuffer solicitation \$.15 million each
  - Separate mailing solicitations \$.45 million each
  - Sales staff training \$.35 million
  - Revising customer contracts \$.15 million
- Computer related cost
  - Systems modifications \$.55 million
  - Ongoing computer maintenance \$.10 million

# The Cost of Compliance

- Increased marketing costs
  - Across the board marketing Unknown
  - False positives Unknown
  - Loss of good will Unknown
  - Increased churn \$75K/.1% change
- Rules disproportionately burden small carriers, which lack scale to spread costs across large customer base

## Easing the Burden

- Use customer expectation as the standard
- Modify rules to permit providers to meet customer expectations as evidenced by marketplace realities
- Recognize that CPE and info services are so integral to paging that they are part of the customer's expectation
- Bring CPE and info service into the CMRS basket
- Eliminate software flagging and audit requirements on single basket service providers

# Winback

- Winback rule effectively forecloses wireless carrier from soliciting former customers
- Winback rule denies carriers the means to make better offers to customers, and denies customers lower rates or more services
- Winback rule does not increase customer privacy
- Unlike in wireline contexts, there is no danger that a wireless carrier can prevent or delay a customer from switching to another provider